during the war. What we produce as a nation we shall consume as a nation, subject to the extent that we financed the war during its course by operations abroad.

These operations were twofold. We sold to foreigners part of our holdings of foreign securities, thereby and to this extent paying for war cost out of capital—out of the investments made by ourselves and our forbears in America and elsewhere. Mr Bonar Law, in a recent interview in the *Observer*, stated that we had sent back to the United States practically the whole of our holdings of American securities to be sold or pledged as collateral for loans, "^nd that the value of them was three billion dollars—£600 millions sterling. Any of them that have only been pledged can presumably be used to meet the loans raised as they fall due, and so will lighten our burden in the matter of repayment. These loans raised abroad are the second mode of foreign financing. By it we had raised up to November 9th nearly ^1300 millions, as shown by the *Economist's* table, and to that extent we have pledged our future production and that of our posterity, to meet the annual service for interest and repayment. On the other hand, all this sum and more we have (as shown above) lent to our Allies and Dominions, so that the ex-Chancellor was well justified in his boast that we

had only borrowed to finance our Allies, and that we had been self-sufficient for our own war cost.*

In other words, all that we needed for the war we were able to produce ourselves, or to obtain in

* Budget Speech. Parliamentary Debates, vol. 105, No. 33.